

The 6 Ps of Investment Manager Selection

When hiring investment managers, it is essential to develop a comprehensive understanding of their capabilities and alignment with your investment objectives. The 6 Ps framework—*People, Philosophy, Performance, Platform, Process, and Price*—provides a structured approach to evaluating these factors.

1

People

The team behind the investment decisions is crucial. Assess the experience, qualifications, and stability of the investment team. Look for a track record of success, low turnover, and a cohesive team dynamic. Evaluate the leadership's vision and the team's ability to execute it effectively.

2

Philosophy

Understand the manager's investment philosophy. This encompasses their beliefs about markets, investment strategies, and risk management. The philosophy should align with your own investment goals and risk tolerance. Assess whether the philosophy is consistent and has been applied over time.

3

Performance

Analyze the manager's historical performance, considering both absolute returns and risk-adjusted returns. Compare their performance against relevant benchmarks and peer groups. It's essential to look beyond short-term results and evaluate performance over different market cycles to gauge consistency and resilience.

4

Platform

The platform refers to the infrastructure and resources available to the investment manager. This includes technology, research capabilities, compliance systems, and client service support. A robust platform can enhance the manager's ability to perform thorough research and manage investments efficiently.

5

Process

Examine the investment process, including how decisions are made, the types of research and analysis conducted, and the criteria for selecting investments. A transparent, disciplined, and repeatable process indicates a well-managed approach. The process should be well-documented and consistently applied.

6

Price

Consider the cost of the investment manager's services, including management fees, performance fees, and any other associated costs. Compare these costs to industry standards and assess them in relation to the value provided. Ensure that the pricing structure aligns with your expectations and budget.

Conclusion

Selecting an investment manager involves a thorough evaluation of these six key areas. By systematically analyzing the **People, Philosophy, Performance, Platform, Process, and Price**, you can make a more informed decision and choose a team that is well-suited to help you achieve your investment objectives.